

## CHECKLIST ENVIRONMENTAL ASSESSMENT

<b>Project Name:</b>	Galt Land Banking Nominations – 2009 review
<b>Proposed Implementation Date:</b>	2009
<b>Proponent:</b>	These tracts were nominated by the lessee, Galt Ranch, and are brought forward now by DNRC.
<b>Location:</b>	Sale # 311; SWSW sec. 14, T9N, R5E; 40 ac. Sale # 312; sec. 32, T10N, R5E; 640 ac. Sale # 313; sec. 34, T10N, R5E; 640 ac. Sale # 314; sec. 28, T10N, R5E; 640 ac. Sale # 315; Lots 1-7 incl., SENW, S2NE, SE, E2SW, sec. 6, T9N, R5E; 637.32 ac. Sale # 316; sec. 16, T9N, R5E; 640 ac.
<b>County:</b>	Meagher County
<b>Trust:</b>	Sections 14 & 16 in the above list are Common School Trust (680 ac.) Sections 32, 34, 28, & 6 are all MSU Morrill Income (2557.32 ac.)

### I. TYPE AND PURPOSE OF ACTION

Offer for Sale at Public Auction, up to 3237.32 acres of state land currently held in trust for the benefit of Common Schools (680 ac.) and MSU Morrill Income (2557.32 ac.). Revenue from the sale would be deposited in a special account, with monies from other sales around the State, to purchase replacement lands meeting acquisition criteria related to legal access, productivity, potential income and proximity to existing state ownership which would then be held in trust for the benefit of the same Trust. The proposed sale is part of a program called Land Banking authorized by the 2003 Legislature, and updated by the 2007 Legislature. The purpose of the program is for the Department of Natural Resources and Conservation to overall, diversify uses of land holdings of the various Trusts, improve the sustained rate of return to the Trusts, improve access to state trust land and consolidate ownership.

### II. PROJECT DEVELOPMENT

#### 1. PUBLIC INVOLVEMENT, AGENCIES, GROUPS OR INDIVIDUALS CONTACTED:

*Provide a brief chronology of the scoping and ongoing involvement for this project.*

- A letter was distributed in September 2004 to all state surface lessees informing them of the Land Banking Program and requesting nominations be submitted by lessees between October 1, 2004 and January 31, 2005. *(These tracts were nominated at that time and are now being considered as part of an ongoing process of Land banking sales.)*
- Legal notices were published in the Great Falls Tribune and the Helena IR (12/28 & 31/2008), the Meagher Co. News (1/1 & 8/2009) and in the Whitehall Ledger (12/31/2008 & 1/7/2009).
- Direct mailings were made to lessees, adjacent land owners, County Commissioners, State Legislators (from the involved Districts and who were associated with the legislation), and a host of organizations and individuals who had expressed previous interest in this process. A full listing of contacts is attached as Appendix B.
- Follow-up contacts were made by phone, mail, or email with parties requesting additional information. These are also included in Attachment B.
- The tracts were also posted on the DNRC web page at, <http://dnrc/mt.gov/TLMSPublic/LandBanking/LBTest.aspx>

#### 2. OTHER GOVERNMENTAL AGENCIES WITH JURISDICTION, LIST OF PERMITS NEEDED:

No other governmental agencies have jurisdiction over this proposal.

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### 3. ALTERNATIVES CONSIDERED:

Alternative A (No Action) – Under this alternative, the State retains the entire existing land ownership pattern and would not sell the tracts included in this proposal.

Alternative B (the Proposed actions) – Under this alternative, the Department would request and recommend approval by the Land Board to sell each separate tract, any combination of these nominated tracts, or all of proposed tracts, encompassing a total area of 3237.32 acres, if all are sold. The decision to sell each separate tract is a separate decision not tied to any of the others considered in this EAC. The tracts included within this analysis are grouped herein only because they are nominated by a single lessee. If approved by the Board, the sale(s) would be at public auction, subject to the requirements found in Title 77, Chapter 2, Part 3 of the Montana Codes Annotated. The income from the sale(s) would be pooled with other land sale receipts from across the State to fund the purchase of other state land, easements, or improvements for the beneficiaries of the respective trusts. *(The State would then review available lands for sale which would generally have access and an increased potential for income. A separate public scoping and review would be conducted when a potentially suitable parcel was found. It is not possible for this analysis to make any direct parcel to parcel comparisons.)*

An alternative not considered in detail in this EAC is to enter into land exchanges with the nominating lessee, to block up and obtain access to trust lands in this area. Land exchanges would be considered if proposed by the lessee, however the lessee has not shown an inclination to pursue exchange opportunities. This assessment is conducted to examine the potential affects from the proposal which has been tendered.

III. IMPACTS ON THE PHYSICAL ENVIRONMENT
<ul style="list-style-type: none"><li>• <i>RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.</i></li><li>• <i>Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.</i></li><li>• <i>Enter "NONE" If no impacts are identified or the resource is not present.</i></li></ul>



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### 4. GEOLOGY AND SOIL QUALITY, STABILITY AND MOISTURE:

*Consider the presence of fragile, compactable or unstable soils. Identify unusual geologic features. Specify any special reclamation considerations. Identify any cumulative impacts to soils.*

A variety of soil types are found across these tracts. The proposal does not involve any on the ground disturbance, so there are no soil effect differences between the alternatives. The State does own, and would retain ownership of, all mineral rights. The purchaser of the surface does not acquire the legal right to place restrictions on development of the mineral estate.

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### 5. WATER QUALITY, QUANTITY AND DISTRIBUTION:

*Identify important surface or groundwater resources. Consider the potential for violation of ambient water quality standards, drinking water maximum contaminant levels, or degradation of water quality. Identify cumulative effects to water resources.*

There are ephemeral drainages, springs and intermittent streams and some perennial stream segments on the lands proposed for sale under this analysis. The most important is section 16, T9N, R5E which includes portions of Big Birch Creek and Little Birch Creek, both are perennial streams which provides irrigation water (and fisheries) in this area.

There are 17 water rights involving section 16, T9N, R5E as either a point of diversion or a point of use. Many of these were established before statehood, and are designated for irrigation of private lands elsewhere. Of interest to this analysis are the two water rights shown in the table below.

legal	Water right no.	holder	purpose	source	Priority date
Off State land, sec. 17, T9N, R5E	41J 34948-00	State of MT	Flood irrigation of 21 acres on sec. 16, T9N, R5E	Big Birch Cr.	4/15/1905
Off State land, sec. 21, T9N, R5E	41J 215170-00	State of MT	Flood irrigation of 6 acres on sec. 16, T9N, R5E	Little Birch Cr.	6/30/1973 (late claim)

Most of the grazing lands either have good stock water on the tract, or available nearby in the pasture. Montana Department of Fish, Wildlife & Parks (FWP) has an in-stream water right for 11 CFS, with a 1985 priority in section 16, T9N, R5E.

If sold, the water rights held by the DNRC would be transferred to the purchaser, other water rights would not change.

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#### 6. AIR QUALITY:

*What pollutants or particulate would be produced? Identify air quality regulations or zones (e.g. Class I air shed) the project would influence. Identify cumulative effects to air quality.*

The proposal does not include any on-the-ground activities, or changes to activities. No effects to air quality would occur.

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#### 7. VEGETATION COVER, QUANTITY AND QUALITY:

*What changes would the action cause to vegetative communities? Consider rare plants or cover types that would be affected. Identify cumulative effects to vegetation.*

Vegetation may be affected by numerous land management activities including livestock grazing, development, wildlife management or agricultural use. It is unknown what land use activities may be associated with a change in ownership; however the vegetation on this tract is typical of land throughout the vicinity and there are no known rare, unique cover types or vegetation on the tract. Range conditions are currently rated fair to good, some excellent. There is a broad brushy sub-irrigated area on section 16, T9N, R5E. The proposal does not include any on-the-ground activities, or changes to activities and therefore we do not expect direct or cumulative effects would occur to vegetation as a result of the proposal.

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#### 8. TERRESTRIAL, AVIAN AND AQUATIC LIFE AND HABITATS:

*Consider substantial habitat values and use of the area by wildlife, birds or fish. Identify cumulative effects to fish and wildlife.*

These lands provide habitat typical of surrounding lands for a variety of species common to this area, Elk, Mule Deer, Whitetail Deer, upland game birds, raptors, coyote, fox, badger, songbirds, etc. The proposal does not include any land use change which would yield changes or effects to the wildlife habitat. The brushy areas along Big Birch Creek are particularly important for White-tailed Deer and has seasonal use by moose and elk, though this situation is not likely to change if the lands are sold.

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#### 9. UNIQUE, ENDANGERED, FRAGILE OR LIMITED ENVIRONMENTAL RESOURCES:

*Consider any federally listed threatened or endangered species or habitat identified in the project area. Determine effects to wetlands. Consider Sensitive Species or Species of special concern. Identify cumulative effects to these species and their habitat.*

A review of Natural Heritage data through NRIS was conducted, as well as tract specific requests for concerns being made to MT FWP.

Greater Sage-Grouse - Sage Grouse is the largest of Montana's grouse. Both sexes have relatively long, pointed tails, feathered legs, and mottled gray-brown, buff, and black plumage. Adult males range from 26 to 30 inches in length and average 4 to 7 pounds in weight; adult females range from 19 to 23 inches in length and

2.5 to 3.5 pounds in weight (FWP). Sagebrush is the preferred habitat (FWP). They use 6 to 18 inch high sagebrush covered benches in June to July (average 213 acres); move to alfalfa fields (144 acres) or greasewood bottoms (91 acres) when forbs on the benches dry out; and move back to sagebrush (average 128 acres) in late August to early September (Peterson 1969). Sage Grouse are a species of concern in Montana. Sage Grouse may have potential habitat in this area. Some mapped habitat exists here or near here, though none of these lands are mapped as critical core areas on the maps released this winter. Sections 28, 32, 34, and 6 are all within 2 miles of a mapped Sage Grouse lek, though only section 34, T10N, R5E has any appreciable amount of sage brush habitat. Montana FWP requests that section 34 NOT be sold for this reason. The proposal does not include any activities which would alter any habitat, so no effects are expected in any alternative.

**Bobolink** – The Bobolink is a smallish bird, approximately 18 centimeters long with a stout, relatively short, pointed bill and sharply pointed tail feathers. All of Montana is potential summer habitat for this species. Nests are built in tall grass and mixed-grass prairies. Prefers "old" hay fields with high grass-to-legume ratios. The Bobolink is listed as a species of concern. The proposed land banking sale does not include any on-the-ground management changes so no direct, indirect or cumulative effects are expected.

**Gray Wolf** – Wolves are wide ranging predators able to utilize many types of habitat. Under the current management, wolves are considered threatened in parts of Montana and as an experimental (re-introduced) species in other parts of Montana, including the area of this proposal. Population review by the USFWS has indicated that wolves in Montana could be delisted, placing them under the management of the Montana FWP. This final decision is still pending at the National level. Given the wide ranging nature of this species, the limited scope of this proposal, and the fact that the proposal does not include any known on-the-ground land management changes, no direct, indirect or cumulative effects are expected.

An Agapetus Caddisfly (*Agapetus montanus*) - *A. montanus* has been reported from ~30 streams in Missoula, Mineral, Gallatin, Granite, Powell, Meagher, Flathead, Deer Lodge, Lewis and Clark, Lincoln, Beaverhead and Sanders Counties. *A. montanus* has no USFWS status at the present time, nor is one warranted. It is currently a US Forest Service Species of Concern (SOC). The proposed land banking sale does not include any on-the-ground or stream related management changes so no direct, indirect or cumulative effects are expected.

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## **10. HISTORICAL AND ARCHAEOLOGICAL SITES:**

*Identify and determine effects to historical, archaeological or paleontological resources.*

The kinds and quantities of cultural and paleontologic resources on the parcels nominated for Land Banking are currently unknown on most of the tracts. If the Land Board approves continued review of these tracts, a full inventory would be completed prior to sale of any of these tracts and the mandates of the Montana State Antiquities Act would be complied with.

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## **11. AESTHETICS:**

*Determine if the project is located on a prominent topographic feature, or may be visible from populated or scenic areas. What level of noise, light or visual change would be produced? Identify cumulative effects to aesthetics.*

The tracts are visible, or partially so, from other adjacent lands and from public roadways. The state land does not provide any unique scenic qualities not also provided on adjacent private lands. The proposal does not include any on-the-ground activities, so there would be no change to the aesthetics in either alternative.

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## **12. DEMANDS ON ENVIRONMENTAL RESOURCES OF LAND, WATER, AIR OR ENERGY:**

*Determine the amount of limited resources the project would require. Identify other activities nearby that the project would affect. Identify cumulative effects to environmental resources.*

There are 5,162,365 acres of Trust land surface ownership in Montana (TLMS power search, 2/22/2009). Approximately 4,677,265 acres are in the Common School Trust, and 73754.4 acres of ACI Grant (MSU Morrill Income) statewide. There are approximately 90,881 acres of Trust Land in Meagher County. (There are

~62780.2 acres of Common School and ~16134.4 in MSU Morrill, with the balance in other trusts.) This proposal includes 680 ac. Common Schools and 2557.32 ac. MSU Morrill Income.

There are additional tracts of state land currently under consideration for sale through the Land Banking Program on a statewide basis. Each of these tracts is at a different stage in their review process, and is being examined under separate analysis. The authorizing legislation has placed a cap on the total land banking sales of 100,000 acres statewide. As of the end of January 2009, sold lands total 28, 871 acres and purchased lands total 31,283 acres (a net gain part way through the program of 2,412 acres). The total of all lands currently under consideration within the Helena Unit is 8,792.34 acres.

The potential transfer of ownership would not have any impact or demands on environmental resources of land water, air or energy.

### 13. OTHER ENVIRONMENTAL DOCUMENTS PERTINENT TO THE AREA:

*List other studies, plans or projects on this tract. Determine cumulative impacts likely to occur as a result of current private, state or federal actions in the analysis area, and from future proposed state actions in the analysis area that are under MEPA review (scoped) or permitting review by any state agency.*

Grazing Lease Range evaluations have been conducted on these tracts and are in the Department files.

The Helena Unit is currently reviewing 21 tracts for land banking, with these reviews organized into 12 separate EAs segregated by lessee. As noted above, the total acreage of all these proposals is 8,792.34 acres. The majority of the lands currently under review in the Helena Unit are in Meagher County (7,994.11 ac.), with one tract of 640 acres in Jefferson County, and two small tracts totaling 158.23 ac. in Lewis & Clark Co.

If the decisions result in the sale of all of these proposed lands, the total lands sold statewide would increase from 28,871 to about 37,663 (<38% of the amount currently allowed by Law). (HB 402, currently being debated by the 2009 Montana Legislature is proposing revisions to the land banking laws regarding the acreage maximum and sunset date.)

## IV. IMPACTS ON THE HUMAN POPULATION

- *RESOURCES potentially impacted are listed on the form, followed by common issues that would be considered.*
- *Explain POTENTIAL IMPACTS AND MITIGATIONS following each resource heading.*
- *Enter "NONE" if no impacts are identified or the resource is not present.*

### 14. HUMAN HEALTH AND SAFETY:

*Identify any health and safety risks posed by the project.*

No impacts to human health and safety would occur as a result of the proposal.

### 15. INDUSTRIAL, COMMERCIAL AND AGRICULTURE ACTIVITIES AND PRODUCTION:

*Identify how the project would add to or alter these activities.*

The following leases, licenses or easements exist upon these proposed land banking lands.

County	Legal	Acres	Uses
Meagher	SWSW sec. 14, T9N, R5E	40	Grazing L-5833
Meagher	sec. 32, T10N, R5E	640	Grazing, part of L-5143
Meagher	sec. 32, T10N, R5E	1.37	Ditch easement D-08649
Meagher	sec. 34, T10N, R5E	640	Grazing, part of L-5143
Meagher	sec. 28, T10N, R5E	640	Grazing, part of L-5143
Meagher	Lots 1-7 incl., SENW, S2NE, SE, E2SW, sec. 6, T9N, R5E	637.32	Grazing, part of L-5139
Meagher	sec. 16, T9N, R5E	640	Grazing, part of L-5139
Meagher	sec. 16, T9N, R5E	640	Outfitting Lic. CLO-03-008

This proposal does not include any specific changes to these activities, except that DNRC would no longer be leasing/licensing these activities.

No direct or cumulative impacts are anticipated as a result of the proposal.

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**16. QUANTITY AND DISTRIBUTION OF EMPLOYMENT:**

*Estimate the number of jobs the project would create, move or eliminate. Identify cumulative effects to the employment market.*

The proposal would have no affect on quantity and distribution of employment.

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**17. LOCAL AND STATE TAX BASE AND TAX REVENUES:**

*Estimate tax revenue the project would create or eliminate. Identify cumulative effects to taxes and revenue.*

As State Trust lands, these properties are tax exempt. If the parcels in this proposal are sold, and use continues unchanged, Meagher County would receive additional property tax revenues as shown below. (Estimated tax revenues were provided by the Meagher Co. Appraisal/Assessment Office.)

Legal	Est. tax revenue
SWSW sec. 14, T9N, R5E	\$11.23
sec. 32, T10N, R5E	\$178.82
sec. 34, T10N, R5E	\$179.49
sec. 28, T10N, R5E	\$180.13
Lots 1-7 incl., SENW, S2NE, SE, E2SW, sec. 6, T9N, R5E	\$176.64
sec. 16, T9N, R5E	\$180.25
<b>Total if all are sold</b>	<b>\$906.56</b>

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**18. DEMAND FOR GOVERNMENT SERVICES:**

*Estimate increases in traffic and changes to traffic patterns. What changes would be needed to fire protection, police, schools, etc.? Identify cumulative effects of this and other projects on government services*

No traffic changes would be anticipated. Wild land fire protection is currently provided for these Trust lands through the County Co-operative Fire Agreement with Meagher County. If sold, these lands would continue to receive fire protection from the County.

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**19. LOCALLY ADOPTED ENVIRONMENTAL PLANS AND GOALS:**

*List State, County, City, USFS, BLM, Tribal, and other zoning or management plans, and identify how they would affect this project.*

There are no zoning or other agency management plans affecting these lands.

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**20. ACCESS TO AND QUALITY OF RECREATIONAL AND WILDERNESS ACTIVITIES:**

*Identify any wilderness or recreational areas nearby or access routes through this tract. Determine the effects of the project on recreational potential within the tract. Identify cumulative effects to recreational and wilderness activities.*

State Trust lands which are legally accessible to the recreationist are available for general recreational use with the purchase of a General Recreational Use License. Through agreement with FWP, activities associated with hunting, fishing, and trapping are allowed on legally accessible state lands through the purchase of the Conservation license. Other types of recreational use require either a "State Land Recreational Use License", or a "Special Recreational Use License", depending upon the type of use.

In general, there a 4 methods of gaining legal access for recreational purposes.

1. Access via a public road or easement for public access.
2. Access via a recreationally navigable river.
3. Access via other adjacent public lands, when there is a legal access to those lands.
4. Access via permission of an adjoining landowner.

The trust lands analyzed under this proposal do not have any viable public access. All sides of the tract are adjoined by private lands where access is at the land owner's permission. The Galt Ranch does allow some access for antelope hunting, though deer and elk hunting rights on their private lands are leased to an outfitter. *(The State land in section 16 is also licensed for outfitting, however under this form of license, use by a general recreationist who has a legal access may also occur.)* There is corner to corner contact with other state lands on four of the parcels, however access across a corner is not considered to be legal access for state trust lands, unless the recreationist has the permission of the adjoining owner(s) at the property corner. There are various statutes addressing trespass.

**45-6-203. Criminal trespass to property.** (1) Except as provided in [15-7-139](#), [70-16-111](#), and [76-13-116](#), a person commits the offense of criminal trespass to property if the person knowingly:

- (a) enters or remains unlawfully in an occupied structure; or
- (b) enters or remains unlawfully in or upon the premises of another. And

**87-3-304. Landowner's permission required for hunting -- penalty.** (1) Every resident and nonresident must have obtained permission of the landowner, the lessee, or their agents before taking or attempting to take nongame wildlife or predatory animals or hunting on private property.

However, in the context of recreational use of state trust lands, the following statute has the most direct applicability. (Highlighted emphasis added.)

**77-1-806. Prior notification to lessee of recreational use -- trespass -- penalty.** (1) If a lessee of state lands under this part desires to be notified prior to anyone entering upon his leasehold, the lessee shall post, at customary access points, signs provided or authorized by the department. The signs must set forth the lessee's or his agent's name, address, telephone number, and method of notification. The lessee or his agent shall make himself available to receive notice from recreational users or provide an alternative means for notice as prescribed by rule. When state land is posted, recreational users shall contact and identify themselves to the lessee or his agent for the purposes of minimizing impact upon the leasehold interest and learning the specific boundaries of adjacent unfenced private property.

(2) Each recreational user of state lands shall obtain permission of the lessee or his agent before entering the adjacent private property owned by the lessee. Entry to private property from adjacent state lands without permission of the landowner or his agent is an absolute liability offense. A violator of this subsection is guilty of a misdemeanor and shall be fined not less than \$50 or more than \$500, imprisoned in the county jail for not more than 6 months, or both.

(3) A person may be found guilty of the offense described in subsection (2) regardless of the absence of fencing or failure to post a notice in accordance with [45-6-201](#).

Some property corners are well defined by fence corner or other marker, most are not. The exact location of a section corner or property corner that has not be re-monumented since the late 1800s or early 1900s can require significant search time, even with the GPS technology available today. Once located, for most corners it would be physically impossible to cross the corner without, in a very minor way, crossing the adjacent private lands at the opposing corners. Thus, unless the above statutes are changed, it is the interpretation of DNRC that "corner jumping" is not legal access for trust land recreational use.

If the lands are sold, access for recreational purposes would only be conducted with permission of the new landowner. It is anticipated, and a program objective, the replacement lands purchased with the land banking funds would be accessible to the public.

As of the end of January 2009, 97.6% of the 28,871 acres sold through this program have been inaccessible and 100% of the 31,283 acres purchased have public access. There is however no guarantee that lands which would benefit the Trust would be available for purchase by the DNRC in this area, or even in this County.

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**21. DENSITY AND DISTRIBUTION OF POPULATION AND HOUSING:**

*Estimate population changes and additional housing the project would require. Identify cumulative effects to population and housing.*

The proposal does not include any changes to housing or developments. No effects are anticipated.

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**22. SOCIAL STRUCTURES AND MORES:**

*Identify potential disruption of native or traditional lifestyles or communities.*

There are no native, unique or traditional lifestyles or communities in the vicinity that would be impacted by the proposal.

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**23. CULTURAL UNIQUENESS AND DIVERSITY:**

*How would the action affect any unique quality of the area?*

The State Trust lands in this proposal are currently managed for grazing and agricultural uses either separately or as parts of larger pastures or fields of mixed state and private land. The State lands are generally indistinguishable from the adjacent private lands, with no unique quality.

The potential sale of the state land would not directly or cumulatively impact cultural uniqueness or diversity. It is unknown what management activities would take place on the land if ownership was transferred.

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**24. OTHER APPROPRIATE SOCIAL AND ECONOMIC CIRCUMSTANCES:**

*Estimate the return to the trust. Include appropriate economic analysis. Identify potential future uses for the analysis area other than existing management. Identify cumulative economic and social effects likely to occur as a result of the proposed action.*

An appraisal of the property value has not been completed to date. **The following estimations are based upon the Department fee schedule estimates of land values, by County and land type.** Under DNRC rules, an appraisal would be conducted if preliminary approval to proceed is granted by the Board of Land Commissioners. If approved for sale, the revenue generated would be combined with other revenue in the Land Banking Account to purchase replacement property for the benefit of the Trust. It is anticipated the replacement property would have legal access and be adjacent to other Trust lands which would provide greater management opportunities and income. If replacement property was not purchased prior to the expiration of the statute, the revenue would be deposited into the permanent trust for investment.

**Fee Schedule Land Value and Income Per Acre**

<b>Legal</b>	<b>Fee Schedule land value/acre</b>	<b>2008 income</b>	<b>Income per acre whole tract average</b>
14, T9N, R5E Sale 311	\$450/ac on 40 ac.	\$41.64 on 6 AUM (0.15 AUM/ac.)	\$1.04/ac.
32, T10N, R5E Sale 312	\$450/ac on 640 ac.	\$1150.05 on 165 AUM (0.26 AUM/ac.)	\$1.80/ac.
34, T10N, R5E Sale 313	\$450/ac on 640 ac.	\$1247.63 on 179 AUM (0.28 AUM/ac.)	\$1.95/ac.
28, T10N, R5E Sale 314	\$450/ac on 640 ac.	\$1198.84 on 172 AUM (0.27 AUM/ac.)	\$1.87/ac.
6, T9N, R5E Sale 315	\$450/ac on 637.32 ac.	\$1066.41 on 153 AUM (0.24 AUM/ac.)	\$1.67/ac.
16, T9N, R5E Sale 316	\$700/ac. on 640 ac.	\$1346.36 on 194 AUMs and 28.6 acres of native grass hay land (\$1340.62 in 2008) (0.30 AUM/ac.)	\$4.20/ac. overall (\$2.20/ac. on the useable grazing acres & \$46.87/ac. from the hay land in 2008)



The statewide stocking rate for grazing land on 4.3 million acres averages .26 AUMs per acre or a total of 1.11 million AUMs (2006 DNRC Annual Report). 2008 statewide grazing land net revenue was \$7.238 million on 4.078 million grazing acres for an average income of \$1.77 per acre (2008 DNRC return on asset value report). 2008 state wide agricultural land net revenue was \$11.751 million on 572,919 acres for an average income of \$20.51 per acre (2008 DNRC return on asset value report). Combined agricultural and grazing income in 2008 on 4.65 million acres averaged of \$4.08 per acre (which more than anything else, represents the ratio of 7.11 acres of grazing land for each 1 acre of agricultural land, statewide).

Sales 311, and 315 are below average for grazing production, with sale 312 hovering near the average. Sales 313, 314, and the grazing part of 316 are a bit above average. The hay land in sale 316 (sec. 16) has above average income, due to being irrigated. (See above table)

Another method to compare the productivity of a tract is to consider the return on the asset value. The "Report on Return on Asset Value by Trust and Land Office for State Trust Lands, Fiscal Year 2008" describes a formula for this calculation. This formula calculates the net revenue (gross income less expenses), and the asset value change (current year land value less previous year land value), adds these together, and divides by the previous year land value, to provide a percentage annual return on the asset. (See page 10 of the report for this formula.) For the comparison of asset value return on revenue, only the net revenue side of the equation is used. The statewide average annual rate of return from revenue only, by source, for 2008 are as follows.<sup>1</sup>

#### 2008 Statewide Averages

Source	Net Revenue/Assets
Agriculture	3.3%
Grazing	0.3%

Using the fee schedule land values as noted above, the actual 2008 income by tract, and the State wide average expenditures for grazing and agricultural management (\$0.39/ac.), the comparable net revenue rate of return on the assets for these tracts are as follows. Due to special language in the land grant, the MSU Morrill Income tracts are managed with a General Fund budget appropriation, currently \$80,000 per biennium. So for the Morrill tracts, the average management cost is \$0.54/ac-yr.

tract	acres	Est. Value/Acre	Land value	Total income	Average Management Cost	Net Revenue/Asset Value
14, T9N, R5E	40	\$450/ac.	\$18,000	\$41.64	\$15.60	0.14%
32, T10N, R5E	640	\$450/ac.	\$288,000	\$1150.05	\$354.60	0.28%
34, T10N, R5E	640	\$450/ac.	\$288,000	\$1247.63	\$354.60	0.31%
28, T10N, R5E	640	\$450/ac.	\$288,000	\$1198.84	\$354.60	0.29%
6, T9N, R5E	637.32	\$450/ac.	\$286,794	\$1066.41	\$344.15	0.25%
16, T9N, R5E	640	\$700/ac.	\$448,000	\$2788.80	\$249.60	0.57%
<b>totals</b>	3237.32		\$1,616,794			

The lands in section 14, 32, and 6 are well below average for grazing land revenue/asset value. The lands in sections 34, and 28 are hovering about average, +/-0.01% point.

Section 16 includes both agricultural and grazing lands. With 28.6 agricultural acres and a gross grazing acreage of 611.4 acres (21.3 grazing acres per agricultural acre) , a weighted average of the 2008 Statewide Averages above would give us a net revenue per asset of 0.434% to compare to this tract. This tract with a net revenue/asset of 0.57% is above the acreage weighted statewide averages.

<b>EA Checklist Prepared By:</b>	<b>Name:</b> D.J.Bakken	<b>Date:</b> 3/23/2009
	<b>Title:</b> Helena Unit Manager	

<sup>1</sup> Report on Return on Asset Value by Trust and Land Office for State Trust Lands, Fiscal Year 2008, pg 14.

## V. FINDING

### 25. ALTERNATIVE SELECTED:

I have selected Alternative B and recommend some of the nominated parcels be submitted to the Board of Land Commissioners for preliminary approval and some be retained in state ownership. Specifically the following I recommend the following parcels be presented to the Board for preliminary approval for sale:

Sale # 311; SWSW sec. 14, T9N, R5E; 40 ac.  
Sale # 312; sec. 32, T10N, R5E; 640 ac.  
Sale # 313; sec. 34, T10N, R5E; 640 ac.  
Sale # 314; sec. 28, T10N, R5E; 640 ac.  
Sale # 315; Lots 1-7 incl., SENW, S2NE, SE, E2SW, sec. 6, T9N, R5E; 637.32 ac

I recommend the following parcel be retained in state ownership:

Sale # 316; sec. 16, T9N, R5E; 640 ac.

### 26. SIGNIFICANCE OF POTENTIAL IMPACTS:

I have evaluated the comments received and potential environment affects and have determined significant environmental effects are not likely to occur as a result of the selected actions.

The parcels selected for preliminary sale approval do not have any unique characteristics, critical habitat or environmental conditions indicating the tract should necessarily remain under management by the Department of Natural Resources and Conservation. There are no indications they would produce substantially greater revenue or have substantially greater value to the trust in the near future. These parcels are surrounded by private lands which control access to the state land and if sold are likely to be managed in a manner consistent with surrounding lands.

The parcel selected to remain in state ownership will likely continue to be leased for grazing, agriculture and other uses. The reason for retaining it in state ownership is the relative high amount of income the Common School Trust receives from this parcel and the habitat values associated with the Birch Creek stream which flows through the state parcel and the associated riparian habitat.

### 27. NEED FOR FURTHER ENVIRONMENTAL ANALYSIS:

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EIS

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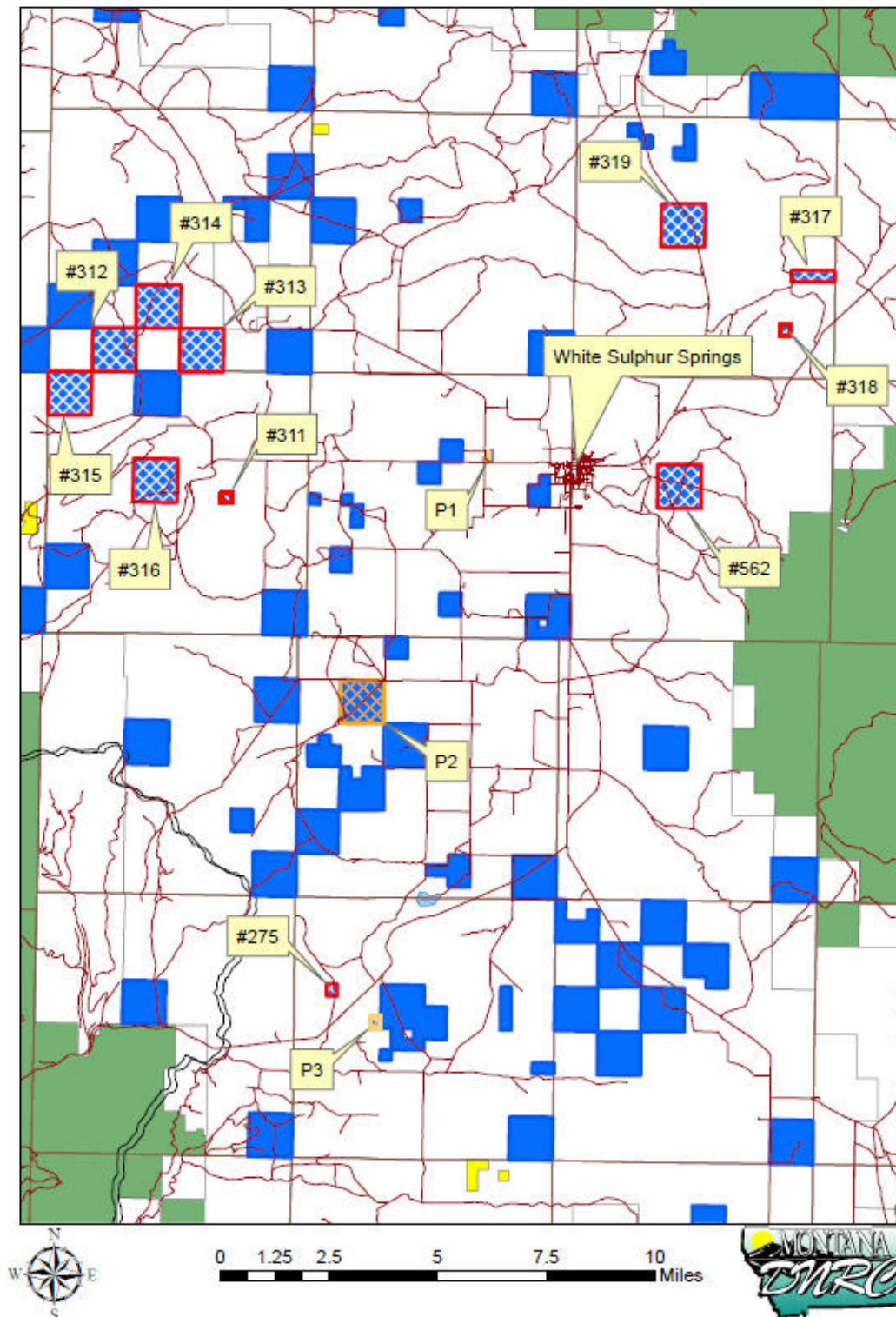
More Detailed EA

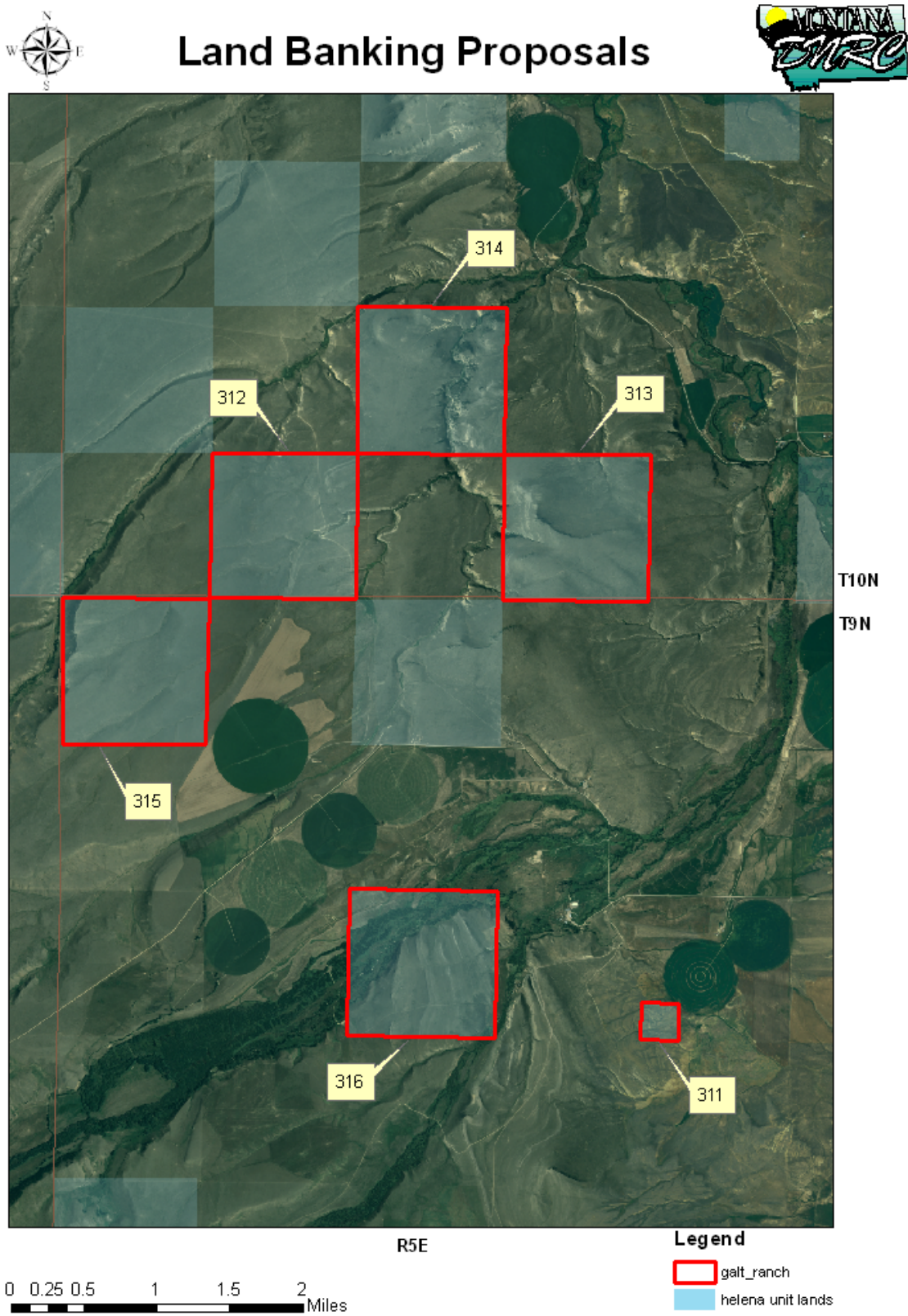
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No Further Analysis

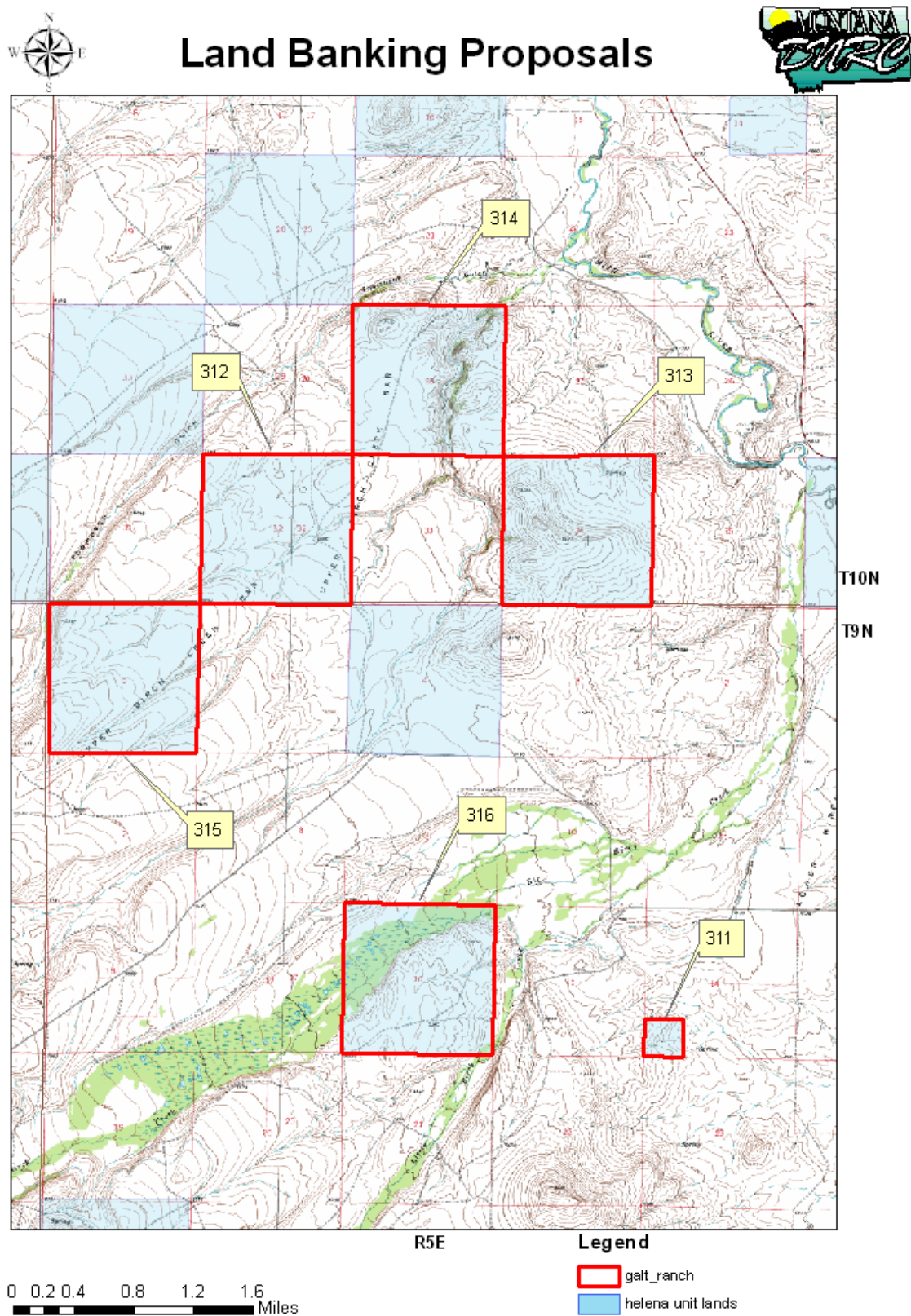
<b>EA Checklist Approved By:</b>	<b>Name:</b> Garry Williams
	<b>Title:</b> Area Manager, Central Land Office
<b>Signature:</b> s/s Garry Williams	<b>Date:</b> 4/22/2009

## White Sulphur Springs Area









**Land Banking Contacts  
2009 Helena Unit Proposals**

<b>Person</b>	<b>Organization</b>	<b>Person</b>	<b>Organization</b>
Commissioners	Meagher Co. Commissioners	Commissioners	Jefferson Co. Commissioners
Commissioners	Lewis & Clark Co. Commissioners		
Scott Mendenhall	HD 77	Dave Lewis	SD 42
Harry Klock	HD 83	Terry Murphy	SD 39
Mike Miller	HD 84	Rick Ripley	SD 9
Russell Bean	HD 17		
Marvin & Verna Steinbach		Rocky Harbor - Dearborn Ranch	
Ed Fryer Manager-Castle Mountain Ranch		Hubert Plymale	
John Goodrich Checkerboard Cattle Company		Catlin Ranch, LP	
PMB Investments, LLC		David and Christine Raschke	
Carol Hatfield-USFS		Holliday Land & Livestock Company	
Bill Galt -Galt Ranch		Attn: Ken Wilsin, III Stone Temple Ranch, LLC	
Brian Bodell		Harley R. Harris Luxan & Murfitt Office	
Brian Bodell		Doug Salsbury – Tomahawk Ranch	
Loney Family Trust		Errol Galt – 71 Ranch	
Robert Zoellner, Sr.		Doug and Zita Caltrider	
Chris and Nora Hohenlohe –Oxbow Ranch		John and Shannon Barrett	
Ken and Dayna L. Ogle		Ronald Jackson	
Theda and Jerry Churchill		Lanita & Randal Wheeler	
Pamela Grace Johnson		Frederick Buckingham	
Howard Dixon		Richard and Ardith Lester	
Jeff and Virginia Kinnick		Robert Rantala	
James and Roxana McClelland		Charles Reed	
David and Laura Ellington		Tom Watson	
Nancy O'Neill		Edwin Bodell	
Darrel and Jacqueline Zillmer		McGuire's South Fork LLC	

Larry Sickerson		Alex Sandru	
Paul Amos		No name given - Rancher by Silver Star, MT	
Justin Powell		Mark Hamlen	
Ron Alles – L&C Co.		Andy Celander	
LaMonte Schnur		Don DeGroft	
Jean Briggs		Shannon Guse	
City of WSS			
Mary Sexton	DNRC Director	Tom Hughes	DNRC Hydrologist
Joe Lamson	DNRC Deputy Director	Pat Rennie	DNRC Archaeologist
Tom Schultz	DNRC TLMD	Sonya Germann	DNRC FM-Planner
Kevin Chappell	DNRC Ag./Grz. Mngt.	Hugh Zacheim	DFWP
Monty Mason	DNRC Mineral Mngt.	Pat Flowers	R-3 DFWP – Regional Supervisor
Shawn Thomas	DNRC Forest Mngt.	Kurt Alt	FWP – Wildlife Manager
Jeanne Holmgren	DNRC Real Estate Mngt.	Gary Bertellotti	R-4 DFWP – Regional Supervisor
John Grimm	DNRC Land Banking Supervisor	Graham Taylor	FWP – Wildlife Manager
Shane Mintz	DOT	Tom Ellerhoff	DEQ
Ann Hedges	Montana Environmental Information Center	Bob Vogel	Montana School Boards Association
Bill Orsello	Montana Wildlife Federation	Daniel Berube	
Stan Frasier	Montana Wildlife Federation	Ellen Engstedt	Montana Wood Products
Larry Copenhaver	Montana Wildlife Federation	Harold Blattie	Montana Association of Counties
Craig Sharpe	Montana Wildlife Federation	Janet Ellis	Montana Audubon Society
Nancy Schlepp	Montana Farm Bureau Federation	Glenn Marx, Executive Director	Montana Association of Land Trust (MALT)
Ray Marxer	Matador Cattle Company	Leslie Taylor	MSU Bozeman MSU Morrill (ACI)
Caroline Sime	The Wildlife Society, Montana Chapter	Linda McCulloch &	Common School Trust (CS)
Jack Atcheson, Sr.		Steve Gettel, Superintendent	School for the Deaf & Blind (DB)
Tribal Historic Preservation Office	Confederated Salish & Kootenai Tribe	Mike Ferriter, Director	State Industrial School (SRS)